MORTAR STRATEGIES

BLOCKCHAIN & BANKING POLICY BRIEF

May 2026 Updates | Federal Regulatory & Legislative Intelligence | Mortar Strategies

May 2026 turned April's regulatory pressure into legislative movement. The Senate Banking Committee advanced the CLARITY Act 15–9 on May 14, sending the bill to the floor after ten months of negotiations. Six of seven GENIUS Act rulemakings are past comment close; the Federal Reserve is the lone holdout ahead of the July 18 deadline. Stablecoin market cap held above $319 billion; tokenized RWAs surpassed $29 billion in Q1 2026 (up 263% YoY). The Senate floor vote must happen before August or the next window is 2030.

MAY 2026 POLICY, REGULATORY, AND LEGISLATIVE ACTIONS: CLARITY ACT & GENIUS ACT IMPLEMENTATION

Date	Body	Action	What It Does	Why It Matters
May 1	**OCC**	GENIUS Act NPRM Comment Period Close	The 376-page stablecoin rule closes public comment. Covers reserves, redemption, capital, audits, and exam standards for OCC-supervised issuers.	Moves OCC rulemaking toward finalization. Benchmarks FDIC, Fed, and state rules. Banking trades urged preserving yield restrictions.
May 8	**BPI / Banking Trades**	Joint statement on stablecoins from bankers	ABA, BPI, CBA, FSF, ICBA, and NBA jointly argue yield-bearing stablecoins undermine deposit stability; urge Senate to tighten yield guardrails before floor vote.	Signals floor-vote strategy: hold yield restrictions in CLARITY. Escalates lobbying to a broad member-office campaign.
May 12	**Senate Banking Committee**	CLARITY Act Amended Text Released (309 Pages)	Senate Banking releases a 309-page updated CLARITY Act draft incorporating yield compromise language, DeFi decentralization definitions, and bank-permissible activity clarifications.	Yield compromise, banning passive holding yield while permitting activity-based rewards, is the pivotal concession enabling bipartisan support, shaped by Sen. Alsobrooks (D-MD). Sets terms for the Senate floor fight.
May 14	**Senate Banking Committee**	CLARITY Act Advanced 15–9 in Historic Vote	Senate Banking advances the CLARITY Act 15–9. All 13 Republicans joined by Democrats Ruben Gallego (AZ) and Angela Alsobrooks (MD). Dozens of amendments debated; several adopted bipartisanly, including DeFi decentralization definitions.	Most consequential Senate crypto action in history. The bill needs 60 floor votes, seven Democrats beyond Gallego and Alsobrooks. White House adviser cited a viable path to a July 4 signing.
May 14	**Senate Minority Staff**	National Security Advisory on CLARITY Act	Minority staff argues CLARITY fails to address vulnerabilities exploited by criminals, terrorists, and adversaries. Illicit finance and ethics provisions flagged as insufficient.	Sets primary floor-vote battleground. Democrats who voted yes cited illicit finance and ethics fixes as preconditions for final support.
May 18	**FDIC**	GENIUS Act NPRM Comment Period Close	Bank-subsidiary PPSI NPRM closes, covering reserve, custody, and tokenized deposit treatment.	Closes major bank-regulator comment windows. FDIC rulemaking moves toward finalization alongside OCC's ahead of the July 18 deadline.
May (ongoing)	**Federal Reserve**	GENIUS Act NPRM Not Yet Issued	OCC, FDIC, NCUA, FinCEN, OFAC, and Treasury have issued proposed rules. The Fed has not.	Creates uncertainty for bank holding companies. Fed must issue and close comments on the accelerated timeline before GENIUS takes effect in early 2027.

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STRATEGIC OUTLOOK

The Senate Floor Is the Decider

- CLARITY cleared committee 15–9 on May 14. The bill needs 60 floor votes, requiring seven Democrats beyond Gallego and Alsobrooks. The deal on ethics and illicit finance must close before floor consideration.
- Senators Lummis and Moreno warned that failure before August pushes the next viable window to 2030 or beyond.

Rulemaking Clock at Critical Stage

- Six of seven GENIUS Act rulemakings have passed comment close. Final rules are due July 18; the Act takes effect January 18, 2027 or 120 days after finalization. The Federal Reserve's absence is the last structural gap.
- FinCEN/OFAC comments close June 9; Treasury state-equivalency comments close June 2, live lobbying windows for institutions in WY, NH, and AZ or building PPSI compliance programs.

Yield Dispute Moves to the Floor

- The May 12 compromise, banning passive holding yield while permitting activity-based rewards, resolved the committee bottleneck. Six banking trades released coordinated research on May 8 arguing yield-bearing stablecoins threaten deposits. The yield fight moves to the floor.
- A yield prohibition advantages bank-affiliated programs; its removal advantages fintech issuers. The final CLARITY text defines the competitive structure of the U.S. stablecoin market for the next decade.

INDUSTRY IMPACT

Effect on the Banking Industry

- The May 14 CLARITY markup is the most consequential near-term event for bank digital-asset strategy. Banks with AML/KYC infrastructure are positioned to absorb GENIUS Act compliance costs, but the Fed's pending rule creates planning uncertainty for BHCs and state member banks.
- The Fed's 2026 Senior Financial Officer survey found roughly half of large banks prioritizing tokenized deposit issuance and ~40% prioritizing stablecoin reserve-asset holding, banks view stablecoin infrastructure as a service line, not only a threat.
- The yield fight remains the defining competitive variable. Six banking trades' May 8 report reflects their floor strategy: hold yield restrictions. The final CLARITY text determines whether bank-affiliated programs or fintechs control the retail stablecoin market.

Effect on the Blockchain Industry

- May's 15–9 vote removes the binary legislative risk that defined April. Institutional tokenization can now be structured with greater confidence that SEC/CFTC clarity is coming, but the Senate floor fight is not over.
- Tokenized RWAs surpassed $29 billion in Q1 2026 (up 263% YoY), with tokenized U.S. Treasuries at ~$12.9 billion. J.P. Morgan launched a second tokenized money market fund on Ethereum at $100 million, TradFi is deploying, not exploring.
- The IMF's April 2026 note called tokenization a "structural reconfiguration" of financial infrastructure. The FinCEN/OFAC window closing June 9 is the last opportunity to shape the freeze-and-burn standard, an obligation with no TradFi analog.